

Dufry presents new “Destination 2027” strategy in London

Where do we stand today



What comes next



"Destin

ation 2027" is built around four pillars and continues to represent Dufry as a leader in the Travel Experience space

Dufry presented its new company strategy, which is focused on four main pillars, at Capital Markets Day in London, UK. The presentation also included its related Financial Plan.

The airport travel market has proven to be a resilient and attractive space, showing a strong rebound after the COVID crisis. Passenger volume is bound to resume growth in line with the historical trajectory, after a steady acceleration of demand over the past six months.

While the fundamentals of the market are solid, the industry is experiencing a significant shift in consumer behaviour and in travel patterns. Consumer demographics have changed, bringing about, amongst other things, higher demand for personalized experiences, greater influence of online media in purchasing decisions, and stronger interest in sustainable, healthy, eco-friendly products.

Travel patterns are also changing, with stronger rebound of domestic and short-haul routes, increasing share of low-cost service, acceleration of leisure vs. business travel, and different mix in the origin of international travelers, especially on the path to full recovery after COVID.

Consumer and traveler mix is changing, driving different and new behaviors

	<u>2019</u>	<u>2025</u>
 <p>Generation Y and Z¹</p>	~40%	>70%
 <p>Sales directly influenced by online</p>	>10%	>30%
 <p>Share of Chinese luxury shopping within China</p>	>33%	>50%

Note: 1) Quantified based on luxury goods shopper profiles; Generation Y = 1980-2000; Generation Z = >2000
Source: IATA; NPS Prism; Bain/ROI Rocket COVID-19 Travel & Leisure Survey 6 September 2020 release; Expert Interviews; Literature search; Dufry analysis

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Travel patterns indicate a greater influence of online media in purchasing decisions

To cater to the needs of these “new” travelers, and continue to lead the Travel Experience space, Dufry developed a new strategy, “DESTINATION 2027”, built around four pillars.

1 | Launch a TRAVEL EXPERIENCE REVOLUTION by creating – together with brand and landlord partners – a unique, new value proposition for customers.

The new value proposition is based on customized offering for travelers, including elements of experience, new categories, and exclusive products. This experience will be delivered both in physical “smart” stores, with a modular concept that allows to customize the offering to different passengers, routes and nationalities, as well as through digital channels, with extensive digital engagement before and after travel, to drive consideration and loyalty.

Pushing beyond the boundaries of retail, the travel experience revolution brings together travel retail and food & beverage, with the transformative business combination with Autogrill, which will allow to engage consumers with a broader set of products and a wider range of experiences, providing a platform to make travellers happier during travel.

2 | Continue the journey to DIVERSIFY ITS GEOGRAPHICAL PRESENCE to tap into fast-growing markets and hedge against regional economic cycles and shocks.

Building on a strong portfolio of international airport locations and global brands, Dufry will continue to expand its footprint, with strong focus on the highly attractive and resilient US market, and a dedicated strategy for Asia-Pacific, building a team focused on a set of strategic markets in the region and on the fast-growing cohort of the Chinese traveler. In Europe and Rest of the World, Dufry will accelerate its business development process and set clear priorities and targets.

The combination of travel experience revolution and geographical expansion will drive passenger acquisition, spend per passenger and net new concessions, which is expected to translate into annual turnover growth of 5% to 7% in 2025-2027. The years 2023-2024 are considered a transition period, for which we expect an annual turnover growth of 7% to 10%. Both annual growth rates refer to an unaffected environment and to the pro-forma combined company, pending regulatory and other approvals.

3 | Foster a CULTURE OF OPERATIONAL IMPROVEMENT to fuel profitability, accelerate cash-flow

generation, and reinvest in growth.

Dufry will continue to strive for superior profitability with a logic of zero-based budgeting, focused on disproportionately allocating resources to activities that make the most impact for the customer, while leveraging technology to simplify work and operations.

In addition to budgeting discipline, Dufry will systematically and actively manage its portfolio of concessions, with stronger focus on the evaluation of full profitability and cash flow contribution.

For the years 2025-2027, Dufry expects gross 30 to 40 bps annual CORE EBITDA margin improvements for the combined entity, partially reinvested, with expected cost synergies from the Autogrill combination of approx. CHF 85 million p.a. on CORE EBITDA level to come on top. CORE EBITDA margin improvements in the years 2023-2024 should amount to net 75 to 100 bps annually for the pro-forma combined group, pending regulatory and other approvals.

We further expect a sustainable strong cash flow generation, targeting an Equity Free Cash Flow conversion on CORE EBITDA for the combination of Dufry and Autogrill of above 20% in 2023- 2024, and above 30% in the medium term 2025-2027.

4 | Connecting the other three pillars of the strategy, **ESG continues to be a defining ambition for Dufry** and a strong lighthouse for our day-to-day business, providing a source of inspiration of what to do best for our customers, our employees, and the world at large.



Dufry's ESG strategy

The short-term outlook 2023-2024 and mid-term outlook 2024-2027 are based on current visibility and exchange rates, with external factors impacting performance and outlook.